

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2018-114-C - ORDER NO. 2018-300
APRIL 24, 2018

IN RE: Petition of MCI Communications Services,)	ORDER GRANTING
Inc. d/b/a Verizon Business Services and XO)	PETITION FOR
Communications Services, LLC for)	APPROVAL OF
Approval of an Internal Corporate)	RESTRUCTURING
Restructuring)	

This matter comes before the Public Service Commission of South Carolina (“the Commission”) on the Petition of MCI Communications Services, Inc. d/b/a Verizon Business Services (“MCI”) and XO Communications Services, LLC (“XO”) (together, “the Petitioners”), both of which are certificated communications service providers. The Petitioners request any required approval for an internal corporate restructuring that will (i) merge XO Communications, LLC (“XOC”), the unregulated parent of XO, into MCI; (ii) transfer ownership of XO to MCI; and (iii) merge Telecommunications of Nevada, LLC d/b/a XO Communications, LLC (“TON”), an XO affiliate, into XO. XO will continue to exist as a legal entity and a certificated telephone company after the transaction and will continue to be — as it is now — an indirect, wholly owned subsidiary of Verizon Communications Inc. (“VCI”).

The transaction restructures companies within the Verizon group to promote administrative simplicity and, according to the Petitioners, and will not result in any meaningful change in the management or control of XO. Further, the Petitioners assert that, because the transaction will help reduce the costs of a regulated company, it is in the

public interest. The Petition is filed pursuant to S.C. Code Ann. § 58-9-310 (2015) and in accordance with 10 S.C. Code Regs. 103-825 (2012). The Petitioners expect the transaction to close on or after June 30, 2018.

All of the entities in the proposed internal transaction are ultimately wholly owned and controlled by VCI. The following are the key participants:

1. XO is a Delaware limited liability company that has been certificated in 49 states and the District of Columbia as a telecommunications service provider. In South Carolina, XO was granted authority to provide local and interexchange services in Docket No. 2004-214-C, Order No. 2004-532 issued on October 26, 2004.

2. XOC is a Delaware limited liability company and the immediate parent of XO. XOC is not certificated in South Carolina and is not regulated by the Commission.

3. TON is a limited liability company with authority to operate as a competitive telecommunications service provider in the state of Nevada.

4. MCI is a Delaware corporation that operates in 49 states as a regulated interexchange telecommunications service provider. In South Carolina, MCI's predecessor was granted authority to operate as an interexchange carrier in Docket No. 84-181-C, Order No. 84-732 issued on September 24, 1984.

The Petitioners further state that, as relevant here, the restructuring involves four steps. First, the ownership interest in XOC will be transferred from MCI International Inc., through a series of transactions with its subsidiaries, to MCI. Second, XOC will transfer most of its assets and all of its liabilities to XO. Third, XOC will be merged into MCI, leaving XO as a wholly owned subsidiary of MCI. Fourth, TON will be merged into XO.

Because XO will remain an indirect, wholly owned subsidiary of VCI, there will be no meaningful change in its management or control. The proposed restructuring, according to the Petitioners, will be seamless and transparent to customers, who will continue to be served in the same manner as they are today.

In addition, the Petitioners note that the transaction restructures companies within the Verizon group to promote administrative simplicity and cost savings. In particular, the Petitioners point out that making XO a direct subsidiary of MCI will greatly simplify MCI's tax accounting and the preparation of its income tax returns, creating significant administrative efficiencies and cost savings. In the view of the Petitioners, the transaction will therefore serve the public interest by reducing the costs of a regulated entity.

Further, the Petitioners submit that, because the proposed restructuring will have no impact on service to customers, no hearing is necessary under §58-9-310. Further, they allege that no notice of filing or hearing is necessary under 10 S.C. Code Regs. 103-804.I and J (2012) and these requirements should be waived under 10 S.C. Code Regs. 103-803 (2012).

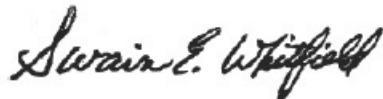
Specifically, the ownership interest in XOC will be transferred by MCI International Inc. to (in order) MCI International Services Inc., MCI International Telecommunications Corporation, Terremark Worldwide, Inc., MCI Broadband Solutions, Inc., and, finally, MCI. Each of these entities is a Delaware corporation, and a wholly owned subsidiary of the entity preceding it in the chain. The only XOC asset that will not be transferred to XO in this second step is TON, which will be merged into XO in the fourth step of the restructuring. Petitioners request that the Commission approve the

proposed restructuring and waive the requirements for public notice and a hearing. The merger is planned to be closed on or after June 30, 2018, and therefore, the Petitioners request that the Commission grant expedited review and approval of this Petition so that an order of approval may be issued no later than June 30, 2018.

We have examined the Petition, and conclude that it should be granted as filed, since the restructuring as proposed serves the public interest by reducing the costs of a regulated utility as explained by the Petitioners. Also, the restructuring will have no impact or effect on service to customers. Accordingly, for this reason, the notice and hearing requirements are waived in this instance.

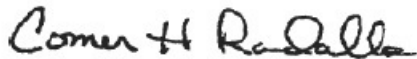
The Petition is granted as filed. This Order shall remain in full force and effect until further order of the Commission.

BY ORDER OF THE COMMISSION:



Swain E. Whitfield, Chairman

ATTEST:



Comer H. Randall, Vice Chairman